

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997)

POSTAL RATE COMMISSION
Docket No. R97-1

CTC DISTRIBUTION SERVICES, L.L.C.
RESPONSE TO NOTICE OF INQUIRY NO. 2
(December 19, 1997)

CTC Distribution Services, L.L.C. ("CTC"), through its undersigned counsel, offers the following comments in response to Notice of Inquiry No. 2, issued by the Postal Rate Commission on November 19, 1997, on Items of Classification Policy and DMCS Improvements.

These comments relate to Notice of Inquiry No. 2, Part I, Section A, "Presentation and Designation of Bulk Parcel Post." Referring to Attachment A of the Postal Service's Request, at page 34 thereof, the Commission notes the designation of Bulk Parcel Post at section 322.2 of the Domestic Mail Classification Schedule ("DMCS") and questions whether the establishment of a new subclass is intended. If so, the Commission asks whether the Postal Service has presented adequate support for such treatment.

CTC is of the view that Bulk Parcel Post currently has subclass status in the DMCS, and that the Postal Service's Request is consistent with the status quo.

The DMCS language is somewhat confusing in its description of Bulk Parcel Post because of the proceedings in PRC Docket No. MC95-1. (Prior to that time, and apparently since adoption of the Commission's recommended decision in PRC Docket No. MC73-1, Bulk

Parcel Post appears to have been considered as a separate subclass within Fourth-Class Mail¹.) In its Opinion and Recommended Decision in Docket No. MC95-1, the Commission recommended new classification language defining Bulk Parcel Post as a "rate category." The Board of Governors rejected that unsolicited recommendation on the ground that Bulk Parcel Post was a subclass, not a rate category, and had been treated as a subclass since the decision in Docket No. MC73-1. See Decision of the Governors of the United States Postal Service on the Recommended Decisions of the Postal Rate Commission on Courtesy Envelope Mail and Bulk Parcel Post, Docket No. MC95-1, pp. 6-7.


CTC has not studied the Commission's Opinion and Recommended Decision in Docket No. MC73-1, nor the Governors' Decision adopting that recommended decision, but the important language from that Opinion and Recommended Decision establishing subclass status for Bulk Parcel Post was quoted in the Decision of the Governors in Docket No. MC95-1 referred to above. CTC also has examined the DMCS for several years preceding the decision in Docket No. MC95-1. It would appear that Bulk Parcel Post was designated as a separate subclass of Fourth-Class Mail during that period. CTC has not studied whether Bulk Parcel Post has been treated consistently as a subclass in previous rate decisions. Nevertheless, neither the Postal Service nor any party sought to change the status of Bulk Parcel Post in

¹ For example, in the DMCS Classification Schedule in 1994 and 1995 (and for many years prior thereto), Bulk Parcel Post was described in "Classification Schedule 400 - Fourth-Class Mail," under section "400.02 Description of Subclasses," as section "400.0202 Bulk." At the present time, that numbering and description of Bulk Parcel Post have not changed, although the rest of Classification Schedule for Fourth-Class Mail (currently included as part of "Standard Mail") has changed. Thus, Bulk Parcel Post is still designated section "400.0202," but it falls between sections 322.13 and 322.14 of the DMCS.

Docket No. MC95-1. Thus, it is not apparent why the Commission's Opinion and Recommended Decision in Docket No. MC95-1 sought to reclassify Bulk Parcel Post as a rate category. Indeed, other statements of the Commission in that same opinion seem at odds with such an attempted reclassification. The Commission itself pointed out, at paragraph 6003 of its Opinion and Recommended Decision in Docket No. MC95-1, that the Postal Service's Request in that case included a new classification structure that proposed the "abolition of fourth-class mail as a distinct class and the incorporation of its five subclasses into the proposed Standard Mail class." *Id.*, page VI-2. One of those subclasses, of course, was Bulk Parcel Post.

The Postal Service's Request contains a reclassification schedule that distinguishes Bulk Parcel Post from the two other Parcel Post subclasses in 16-ounce-and-over Standard Mail. Although proposed DMCS section 322.2 might better read "Bulk Parcel Post Subclass," its proposed treatment of Bulk Parcel Post as a subclass appears to be consistent with the previous subclass designation of Bulk Parcel Post, and an improvement over the current DMCS language.

Respectfully submitted,



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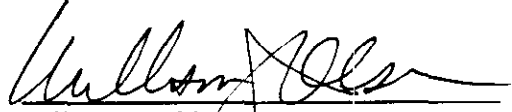
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.


William J. Olson

December 19, 1997